

TOWNSHIP OF GREEN
Alpena County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2006

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Green		County Alpena
Audit Date March 31, 2006	Opinion Date April 26, 2006	Date Accountant Report Submitted to State: April 26, 2006		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.			
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686		City Bay City	State MI
Accountant Signature Campbell, Kusterer & Co., P.C.		Zip 48707	

TOWNSHIP OF GREEN
Alpena County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

April 26, 2006

To the Township Board
Township of Green
Alpena County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Green, Alpena County, Michigan as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Green's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Green, Alpena County, Michigan as of March 31, 2006, and the respective changes in financial position thereof, for the year ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of April 1, 2005.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF GREEN
Alpena County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2006

The Management's Discussion and Analysis report of the Township of Green covers the Township's financial performance during the fiscal year ended March 31, 2006.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Capital assets increased by \$52,014.16.

Overall revenues were \$191,768.24 from governmental activities with a \$6,617.55 decrease in net assets.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present government activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary Comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities. These include the General Fund and the Garbage Fund.

TOWNSHIP OF GREEN
Alpena County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2006

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board may also create them. Funds are established to account for funding and spending of specific financial resources and show proper expenditures of those resources.

The Township has the following types of funds:

Governmental Funds: All of the Township's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental funds include the General Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our cash position in the governmental activities remains stable.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services. The most significant is fire protection which incurred expenses of \$46,246.51.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$52,014.16 in capital assets.

The Township's governmental activities paid \$0 in principal on long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and represents a significant portion of our income.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors, and customers with a general overview of the Township's finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report, please contact the Township at M-65 S/M-32, Lachine, Michigan 49753.

TOWNSHIP OF GREEN
Alpena County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2006

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	58 208 93
Cash in bank	<u>5 615 44</u>
Total Current Assets	<u>63 824 37</u>
NON-CURRENT ASSETS:	
Capital Assets	391 845 63
Less: Accumulated Depreciation	<u>(114 211 62)</u>
Total Non-current Assets	<u>277 634 01</u>
TOTAL ASSETS	<u><u>341 458 38</u></u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES	
Accounts payable	-
Total Current Liabilities	<u>-</u>
NON-CURRENT LIABILITIES	-
Total Non-current Liabilities	<u>-</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	277 634 01
Unrestricted	<u>63 824 37</u>
Total Net Assets	<u>341 458 38</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>341 458 38</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GREEN
Alpena County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2006

		<u>Program Revenue</u>	<u>Governmental Activities Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services</u>	
FUNCTIONS/PROGRAMS			
Governmental Activities:			
Legislative	12 795 75	-	(12 795 75)
General government	70 822 62	18 287 06	(52 535 56)
Public safety	74 108 13	13 559 00	(60 549 13)
Public works	<u>40 659 29</u>	<u>-</u>	<u>(40 659 29)</u>
Total Governmental Activities	<u>198 385 79</u>	<u>31 846 06</u>	<u>(166 539 73)</u>
General Revenues:			
Property taxes			52 200 55
Other taxes			1 403 56
State grants			2 290 98
State revenue sharing			86 037 27
Interest			52 50
Miscellaneous			<u>17 937 32</u>
Total General Revenues			<u>159 922 18</u>
Change in net assets			(6 617 55)
Net assets, beginning of year			<u>348 075 93</u>
Net Assets, End of Year			<u>341 458 38</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GREEN
Alpena County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2006

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash in bank	58 203 73
Taxes receivable	5 615 44
Due from other funds	<u>5 20</u>
Total Assets	<u>63 824 37</u>
<u>Liabilities and Fund Equity</u>	
Liabilities	
Accounts payable	<u>-</u>
Total liabilities	<u>-</u>
Fund equity:	
Fund balances:	
Unreserved:	
Undesignated	<u>63 824 37</u>
Total fund equity	<u>63 824 37</u>
Total Liabilities and Fund Equity	<u>63 824 37</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GREEN
Alpena County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUND
TO THE STATEMENT OF NET ASSETS
March 31, 2006

TOTAL FUND BALANCE – GOVERNMENTAL FUND	63 824 37
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	391 845 63
Accumulated depreciation	<u>(114 211 62)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u><u>341 458 38</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GREEN
Alpena County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUND
Year ended March 31, 2006

	<u>General</u>
Revenues:	
Property taxes	52 200 55
Other taxes	1 403 56
Licenses and permits	16 772 37
Charges for services – PTAF	14 164 56
Charges for services – other	4 122 50
State revenue sharing	86 037 27
State grants	2 290 98
Interest	52 50
Miscellaneous	14 723 95
Total revenues	<u>191 768 24</u>
Expenditures:	
Legislative:	
Township Board	11 595 75
General government:	
Supervisor	6 564 04
Elections	24 00
Assessor	16 993 64
Clerk	8 981 55
Board of Review	1 259 89
Treasurer	18 989 18
Building and grounds	9 218 14
Cemetery	3 435 96
Public safety:	
Fire protection	46 246 51
Planning and zoning	8 659 52
Liquor law enforcement	1 439 90
Inspections	13 317 00
Public works:	
Highways and streets	40 659 29
Capital outlay	52 014 16
Total expenditures	<u>239 398 53</u>
Excess (deficiency) of revenues over expenditures	(47 630 29)
Fund balance, April 1	<u>111 454 66</u>
Fund Balances, March 31	<u>63 824 37</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GREEN
Alpena County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES

Year ended March 31, 2006

NET CHANGE IN FUND BALANCE – TOTAL GOVERNMENTAL FUND (47 630 29)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(11 001 42)
Capital Outlay	<u>52 014 16</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>(6 617 55)</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GREEN
Alpena County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Green, Alpena County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Green. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

TOWNSHIP OF GREEN
Alpena County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The Township 2005 tax roll millage rate was .113820 mills, and the taxable value was \$45,840,929.00.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

TOWNSHIP OF GREEN
Alpena County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$250.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	25-30 years
Furniture and equipment	2-15 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Accounting Change

Effective April 1, 2005, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB No. 34). Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

A Management's Discussion and Analysis (MD&A) section providing analysis of the Township's overall financial position and results of operations has been included.

Government-wide financial statements (Statement of Net Assets and Statement of Activities) prepared using the full accrual accounting for all the Township's activities have been provided.

Capital assets in the governmental activities column of the Statement of Net Assets include net assets totaling \$277,634.01.

TOWNSHIP OF GREEN
Alpena County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated one bank for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

TOWNSHIP OF GREEN
Alpena County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2006

	<u>Carrying Amounts</u>
Total Deposits	<u>58 208 93</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	58 962 53
Uninsured and Uncollateralized	-
Total Deposits	<u>58 962 53</u>

The Township of Green did not have any investments as of March 31, 2006.

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	<u>Balance 4/1/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/06</u>
Land	125 250 00	-	-	125 250 00
Buildings	181 500 00	9 246 00	-	190 746 00
Equipment	<u>33 081 47</u>	<u>42 768 16</u>	-	<u>75 849 63</u>
Total	339 831 47	52 014 16	-	391 845 63
Accumulated Depreciation	<u>(103 210 20)</u>	<u>(11 001 42)</u>	-	<u>(114 211 62)</u>
Net Capital Assets	<u>236 621 27</u>	<u>41 012 74</u>	-	<u>277 634 01</u>

Note 5 – Pension Plan

The Township has a defined contribution pension plan covering substantially all full-time employees. The Township contributes an amount of each employee's annual salary to the plan. Pension expense for the fiscal year ended March 31, 2006, was \$2,826.81.

Note 6 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

TOWNSHIP OF GREEN
Alpena County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

Note 8 – Building Permits

For the fiscal year ended March 31, 2006, building permit revenues were \$16,682.37 and building permit expenses were \$13,317.00.

Note 9 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>5 20</u>	Current Tax Collection	<u>5 20</u>

TOWNSHIP OF GREEN
Alpena County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended March 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	52 000 00	52 000 00	52 200 55	200 55
Other taxes	1 400 00	1 400 00	1 403 56	3 56
Licenses and permits	25 000 00	25 000 00	16 772 37	(8 227 63)
Charges for services – PTAF	14 500 00	14 500 00	14 164 56	(335 44)
Charges for services – other	4 400 00	4 400 00	4 122 50	(277 50)
State revenue sharing	86 500 00	86 500 00	86 037 27	(462 73)
State grants	2 500 00	2 700 00	2 290 98	(409 02)
Interest	600 00	600 00	52 50	(547 50)
Miscellaneous	<u>15 200 00</u>	<u>15 200 00</u>	<u>14 723 95</u>	<u>(476 05)</u>
Total revenues	<u>202 100 00</u>	<u>202 300 00</u>	<u>191 768 24</u>	<u>(10 531 76)</u>
Expenditures:				
Legislative:				
Township Board	20 850 00	20 850 00	11 595 75	(9 254 25)
General government:				
Supervisor	8 000 00	8 000 00	6 564 04	(1 435 96)
Elections	1 500 00	1 500 00	24 00	(1 476 00)
Assessor	18 250 00	18 250 00	16 993 64	(1 256 36)
Clerk	9 400 00	9 400 00	8 981 55	(418 45)
Board of Review	1 600 00	1 600 00	1 259 89	(340 11)
Treasurer	20 100 00	20 100 00	18 989 18	(1 110 82)
Building and grounds	10 650 00	10 650 00	9 218 14	(1 431 86)
Cemetery	3 350 00	4 350 00	3 435 96	(914 04)
Public safety:				
Fire protection	69 800 00	80 000 00	46 246 51	(33 753 49)
Planning and zoning	11 150 00	11 150 00	8 659 52	(2 490 48)
Liquor law enforcement	1 500 00	1 500 00	1 439 90	(60 10)
Inspections	25 000 00	25 000 00	13 317 00	(11 683 00)
Public works:				
Highways and streets	42 000 00	42 000 00	40 659 29	(1 340 71)
Recreation:				
Recreation	100 00	100 00	-	(100 00)
Other:				
Contingency	-	-	-	-
Capital outlay	<u>65 604 97</u>	<u>54 604 97</u>	<u>52 014 16</u>	<u>(2 590 81)</u>
Total expenditures	<u>308 854 97</u>	<u>309 054 97</u>	<u>239 398 53</u>	<u>(69 656 44)</u>
Excess (deficiency) of revenues over expenditures	(106 754 97)	(106 754 97)	(47 630 29)	59 124 68
Fund balance, April 1	<u>106 754 97</u>	<u>106 754 97</u>	<u>111 454 66</u>	<u>4 699 69</u>
Fund Balance, March 31	<u>-</u>	<u>-</u>	<u>63 824 37</u>	<u>63 824 37</u>

TOWNSHIP OF GREEN
Alpena County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2006

Township Board:	
Salaries and wages	2 010 00
Payroll taxes	1 333 51
Retirement	2 826 81
Legal	1 254 92
Insurance	222 00
Printing and publishing	646 13
Dues	1 322 94
Miscellaneous	1 979 44
	<u>11 595 75</u>
Supervisor:	
Salary	4 900 00
Office supplies	1 278 98
Phone	143 90
Miscellaneous	241 16
	<u>6 564 04</u>
Elections:	
Office supplies	24 00
	<u>24 00</u>
Assessor:	
Contracted services	14 994 96
Supplies	1 441 68
Miscellaneous	557 00
	<u>16 993 64</u>
Clerk:	
Salary	7 560 00
Rent	1 000 00
Supplies	361 41
Mileage	60 14
	<u>8 981 55</u>
Board of Review:	
Salaries	969 29
Miscellaneous	290 60
	<u>1 259 89</u>
Treasurer:	
Salary	8 697 13
Deputy wages	571 03
Rent	1 000 00
Supplies	7 109 21
Mileage	508 95
Miscellaneous	1 102 86
	<u>18 989 18</u>
Building and grounds:	
Supplies	1 157 47
Contracted services	2 947 75
Insurance	302 00
Repairs and maintenance	1 007 64
Utilities	3 740 25
Miscellaneous	63 03
	<u>9 218 14</u>

TOWNSHIP OF GREEN
Alpena County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2006

Cemetery:	
Salary	2 270 00
Contracted services	900 00
Insurance	12 00
Repairs and maintenance	156 96
Utilities	97 00
	<u>3 435 96</u>
Fire protection:	
Contracted services	2 000 00
Insurance	12 097 00
Repairs and maintenance	-
Utilities	4 428 69
Mileage	150 52
Supplies	22 257 57
Snow plowing	540 00
Dues	2 685 93
Miscellaneous	2 086 80
	<u>46 246 51</u>
Planning and zoning:	
Zoning administrator	3 500 00
Wages	3 280 00
Mileage	331 28
Miscellaneous	1 548 24
	<u>8 659 52</u>
Liquor law enforcement:	
Wages	1 439 90
	<u>13 317 00</u>
Inspections:	
Wages	
	<u>40 659 29</u>
Highways and streets:	
Repairs and maintenance	
	<u>52 014 16</u>
Capital outlay	
	<u>239 398 53</u>
Total Expenditures	

TOWNSHIP OF GREEN
Alpena County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year ended March 31, 2006

	<u>Balance</u> <u>4/1/05</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/06</u>
<u>Assets</u>				
Cash in Bank	<u>5 15</u>	<u>1 328 796 85</u>	<u>1 328 796 80</u>	<u>5 20</u>
<u>Liabilities</u>				
Due to other funds	5 15	64 996 66	64 996 61	5 20
Due to other units	<u>-</u>	<u>1 263 800 19</u>	<u>1 263 800 19</u>	<u>-</u>
Total Liabilities	<u>5 15</u>	<u>1 328 796 85</u>	<u>1 328 796 80</u>	<u>5 20</u>

TOWNSHIP OF GREEN
Alpena County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSMENTS
Year ended March 31, 2006

Cash in bank – beginning of year	<u>5 15</u>
Receipts:	
Taxes	1 315 592 37
Administration fees	13 079 99
Interest	<u>124 49</u>
Total receipts	<u>1 328 796 85</u>
Total beginning balance and cash receipts	<u>1 328 802 00</u>
Disbursements:	
Township General Fund	64 996 61
Alpena Public Schools	372 577 74
Hillman Schools	122 049 11
Educational Service District	90 094 45
Alpena Community College	80 076 24
Alpena County	598 068 87
Refunds	<u>933 78</u>
Total disbursements	<u>1 328 796 80</u>
Cash In Bank – End of Year	<u><u>5 20</u></u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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FAX (989) 894-5494

AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

April 26, 2006

To the Township Board
Township of Green
Alpena County, Michigan

We have audited the financial statements of the Township of Green for the year ended March 31, 2006. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Green in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Township of Green
Alpena County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

GASB 34 IMPLEMENTATION

The Governmental Accounting Standards Board issued a new reporting model for governmental units which was required to be implemented for the fiscal year ended March 31, 2006. The implementation of this pronouncement for the Township of Green began with the year ended March 31, 2006. The daily operations and recording transactions did not change significantly, however, the Township is required to maintain additional records for the year end adjustments to the final presentation format.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2006.

To the Township Board
Township of Green
Alpena County, Michigan

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants